
FACT FINDING REPORT and RECOMMENDATIONS

IN THE MATTER OF THE FACT FINDING BETWEEN

San Luis Obispo Community College District

AND

Cuesta College Federation of Teachers

Hearing Held: July 2, 2004

Fact Finding Panel

C. Chester Brisco, Chairman

Michael Terman, Federation Panel Member

P. James Balsano, District Panel Member

APPEARANCES

FOR THE EMPLOYER: Alan Atlas; Ed Maduli

FOR THE FEDERATION: Tom Tyner; Patty Cox

BACKGROUND

The San Luis Obispo Community College District operates Cuesta College, located on two campuses and on two County Centers. For 2003-2004 the District served about 9,053 full-time equivalent students (FTES), and employed 151 full-time faculty and 324 part-time faculty, the total work force comprising 728. The current collective bargaining agreement is effective from 2002 to 2005, and provides for re-negotiation of 2003-2004 academic salaries, including the step and column salary structure contained in Appendix B.

Negotiations on salaries commenced with a formal meeting on June 25, 2003, followed by meetings on August 14 and September 9 of that year. Impasse was declared on September 19, 2003. Mediation sessions were conducted on November 11, 2003, and on March 23, 2004, but they were unsuccessful in resolving the dispute and the issues were certified to fact finding. A fact finding hearing was held on July 2, 2004, the parties having waived the provisions of Government Code § 3548.2. At the conclusion of the fact finding hearing the parties waived the provisions of Government Code § 3548.3.

ISSUES IN DISPUTE

1. Salary increase for 2003-2004.
2. Part-time faculty pro-rata compensation.
3. Step and column increases to be applied for 2004-2005. (The faculty received step and column increases during the 2003-2004 academic year.)

POSITIONS OF THE PARTIES

Issue 1

The Federation proposes that salaries be increased by 1.5%. The District proposes that salaries remain unchanged.

Issue 2

The Federation proposes that there be no reduction in part-time compensation. The District proposes that part-time compensation be reduced by 10.8 %.

Issue 3

The Federation proposes implementation of the adopted salary schedule. The District proposes to delay implementation of the adopted salary schedule until sufficient new revenues are obtained or a new COLA is received. (There was no COLA for 2003-2004.)

ARGUMENTS

Each party submitted extensive documentation to support their respective positions, the major contentions of which are briefly summarized below.

Federation

The Federation argues that a 1.5% increase in the salary schedule is justified, pointing to a number of factors in support. The District's claim that it is not prudent to pay a salary increase for 2003-2004, asserts the Federation, is not borne out by the facts. Analysis of District cost increases, revenues, and commensurate savings during 2003-2004 establishes that there are sufficient funds to implement a 1.5% salary increase. The Federation also submitted evidence that San Luis Obispo is a high-cost area in which to live; the C.P.I. has risen 2.6% from May 2003 to May 2004; recent District salary increases have not kept pace with comparable colleges unless step and column increases (which it argued should not be considered) are included; and, faculty average salaries are below comparable colleges. The Federation also argued that in the past the District has over-budgeted and under-spent, resulting in an ending balance more positive

than was initially projected. For the relevant period, there is an ending balance ample to pay the requested salary increase. Finally, the Federation points to the District's policy of maintaining a 6% reserve, whereas the State of California Community College Chancellor's Office recommends a 5% reserve as being adequate and a 3% reserve as a minimum. Using a 5% reserve makes available adequate funds to pay a salary increase of 1.5% (\$264380), concludes the Federation.

Specifically, the Federation points out that there are 14 districts with whom the District may be properly compared, ranging from Glendale (11,699 FTES) to Shasta-Tehama-Trinity (7,714 FTES). While it is difficult to compare salary schedules, looking at the MA + 6 years experience, the District salary of \$49,237 is 10.7% below the \$54,516 average salary. The highest salary without a doctorate is \$83,425, 2.0% below \$85,132 average. Of the negotiated settlements in 13 comparable districts for which data are available, compounded over the three years ending 2003-2004, nine districts significantly exceeded the District's 3.83%, two were lower, and two were almost equal.

District

The District submitted over 30 exhibits on a variety of budgetary and staffing issues. The thrust of the data, according to the District, shows declining revenue and rising costs in the face of a possible decline in student population, although it has been able to maintain a full-time/part-time faculty ratio of 56% in compliance with the 50% Law. In particular, the District makes these points:

- A 1% salary increase would cost about \$176,253 per year. (The Federation's data is in agreement.)
- There was no COLA for 2003-2004. The District has had to absorb the cost of step, column, and longevity salary increases, plus the costs of classified salary reclassifications. In addition, there was a 1% salary increase effective January 1, 2003, which carried over to 2003-2004.
- The faculty salary increases from 2000 to 2004 (5.85%; 2.8%; 1%), when added to step and column and longevity increases are taken into account, exceeds the Districts funded Cost of Living Adjustment for that period.
- The cost per unit of FTES for faculty salaries is near the median for comparable community college districts.

- The District's average salary for full-time faculty is below the median of comparable community college Districts for Fall 2003. (\$64,096 District average salary compared to \$70,552 statewide average.) This is partly because 19 of the more highly-compensated full-time faculty have retired since Fall 2000.
- It is Board policy to maintain a budget reserve of 6% of state and local revenues. This amounts to \$2,576,756 for 2002-2003.

The District concludes that the combination of declining revenues and unanticipated expenses, when considered in the light of the salary increases negotiated during the last three years, shows that the bargaining unit has been favorably treated in comparison to COLA and the Consumer Price Index.

FINDINGS AND RECOMMENDATIONS

In light of the current State of California budget and the financial condition of the District, there exist definite constraints on the amount of dollars that can prudently be allocated to a salary increase for 2003-2004. However, the median salary position compared to comparable community college districts is on the low side. In addition, comparable districts have negotiated salary increases, although there are some exceptions.

The projected 2003-2004 district ending balance is \$2,510,430 which equates to a 6% reserve. The State of California Community College Chancellor's Office recommends a minimum of a 5% reserve. During the fact finding hearing, the Federation demonstrated that there is potential for additional revenue in excess of that which is anticipated. These facts suggest that a modest salary adjustment would not violate the District's prudent approach to financial management. Nevertheless, with the uncertain nature of future cost increases and revenues, the Panel is reluctant to obligate the District to the Federation's full salary proposal. Therefore, compromise is necessary for both parties.

In order to prevent a further deterioration of the District's comparative salary position and to restrain the cost impact, the Panel recommends that the District implement a 1% salary increase effective January 1, 2004.

Issues 2 and 3 are moot because part time faculty pro rata compensation and, likewise, step and column increases, have already been paid for 2003-2004. Step and column increases for 2004-2005 are referred to future negotiations.

FACT FINDING PANEL
August 2, 2004

C. Chester Brisco, Chairman

Michael Terman, Federation Panel Member

P. James Balsano, District Panel Member

District dissenting report is attached.

IN THE MATTER OF THE FACT FINDING BETWEEN

San Luis Obispo Community College District
And
Cuesta College Federation of Teachers

DISSENTING OPINION

On July 28, 2004, the members of the Fact Finding panel met to discuss the matter of San Luis Obispo Community College District (the District) and Cuesta College Federation of Teachers (CCFT). At that meeting, the panel prepared a majority opinion (with the names and signatures of each person serving on the panel to indicate who served on the panel), dated for release on August 2, 2004, and I indicated to the panel members that I would file a dissenting opinion by August 5, 2004 if the District and CCFT could not reach a settlement agreement prior to that date.

As the District and CCFT have not reached a settlement, this constitutes my dissenting opinion and is to be filed along with the Fact Finding report. The time period at issue is July 1, 2003 to June 30, 2004, constituting the fiscal year of 2003-2004.

STIPULATIONS AGREED TO BY BOTH PARTIES

At the Fact finding hearing, both parties expressly agreed to the stipulations listed in the District's presentation, page 8, subject to deleting section 6 on that page, and replacing it with the three bulleted items on page 4 appearing under the title "Issues at Impasse:

- Salary Increase-(CCFT proposes 1.5%, District proposes no increase) [closed parentheses added]
- Part-time (Pro-rata) Compensation - (CCFT proposes no reduction, District proposes a reduction to the level of state funding received in 2003-2004, or a 10.82% reduction to equal the dollar decline of \$47,158)
- Step & Column Increase - (CCFT proposes implementation of the adopted salary schedule, District proposes to delay implementation of the adopted salary schedule until it receives sufficient new-revenues or knows that new COLA is being received)¹¹

These stipulations accepted and agreed to by both parties during the Fact Finding hearing, reflect each party's respective last, best, and final offer during the 2003-2004 re-opener negotiations.

PRUDENT FINANCIAL JUDGMENT OF THE DISTRICT

California faced an enormous financial crisis and the District (as well as other public educational institutions) faced mid-year budget cuts in 2002-2001 and large reductions for 2003-2004.

During this dramatic and traumatic time, the District implemented a wide range of cost cutting and cost saving measures, including eliminating (or placing on hold) management and administrative positions, reducing workloads, (and compensation) of management, confidential, and classified staff, and curtailing much needed expenditures, in order to meet enrollment targets and keep the District's finances in prudent order.

The other members of the Fact Finding panel acknowledge the difficult budget conditions and the prudent financial management exercised by the District. However, the other members go on to then substitute their own financial judgment for that of the District. The other panel members mention the fact that at the hearing, CCFT presented information to indicate that some additional growth funds may have become (or become in the near future) available for 2003-2004. Assuming that an additional sum does become available (an additional \$175,000 appears to be potentially available), there is absolutely no reason to substitute the prudent financial judgment of the District by suggesting that the District use these funds for salary increases, when there are other prudent and reasonable uses for additional funds, such as restoration of reduced or eliminated jobs, and the like.

Even CCFT acknowledged during the Fact Finding that budgetary expenditures boil down to making judgments over where and how one will spend available funds. The District made that decision, and granting an additional raise to the faculty (while educational equipment and other expenditures are cut) is simply not the sort of substitution of prudent financial judgment that I can support

STEP & COLUMN INCREASE/PART-TIME (Pro-Rata) COMPENSATION

The other members of the Fact Finding panel designated the Part-time (Pro-rata) Compensation and Step & Column Increase provisions as "moot" simply because the District already paid those amounts without the commensurate reductions/contingencies being implemented in 2003-2004. Simply because the sums were paid by the District during 2003-2004 does not make the matter moot, as these are material and significant issues which both parties expressly agreed to in the stipulations during the Fact Finding session as reflecting each party's last, best, and final offer from negotiations.

The District made it clear during the Fact Finding hearing that it recognizes the importance and the value of the contributions made by members of CCFT. An educational institution is only as good as its faculty members, and the District values the tremendous dedication to students and higher education demonstrated by the faculty. Superintendent/President Marie Rosenwasser made this clear in her summation comments to the Fact Finding panel.

The District PAID and gave CCFT employees a 1% raise effective January 2003, and that increase carried over to 2003-2004. Additionally, the District provided step, column, and longevity pay increases were already paid to CCFT members during 2003-2004 to the tune of \$226,334. This is a real pay increase that members of the CCFT really received (already) in 2003-2004. By increasing the cost of compensation by step and column increases, as well as the 1% increase, this is equivalent to a 2.23% salary increase, at a cost of \$402,587, before the District commences bargaining for 2004-2005.

As for the part time compensation, the District's position to compensate this group strictly on the basis of the amount it receives from the State was reasonable. Although the reduction in 2003-04 state funding amounts to 10.82%, or \$47,158, the District still paid this deficit amount to the Part Time Faculty, even though excluding this amount was in the District's last, best, and final offer. This Part Time Faculty amount paid was excessive (especially since the compensation is paid on schedule) and not the intent of the District at the time it bargained the language in the collective bargaining agreement. The District's proposal seeks to correct the compensation to a more appropriate level in line with state funding allocations. Additionally, the District for 2003-2004 has spent over \$265,777 on Part Time Faculty office hours and additional salary/benefit compensation above State reimbursement. This further eats into an already tight budget.

DISTRICT RESERVE

In the Fact Finding Report, the majority members of the panel indicate that the District maintains a 6% reserve, and that the State only recommends a 5% reserve. This is not entirely accurate, because the District's policy for reserve is based upon 6% of state and local income, while the State's 5% reserve is based upon general fund total expenditures. If one converts the District's 2003-2004 reserve to the State formula, the District's reserve (on that scale) is 5.46%. Moreover, during the Fact Finding hearing, the District pointed out that with one exception during 2003-2004 (the summer month of July), the District's reserve would not even be sufficient to pay one month of payroll to all employees of the District.

CONCLUSION

Prudent labor relations require the District to strongly consider paying any increase to the faculty unit to the other employee groups as well. The Classified and Management groups would likely seek similar improvements thereby significantly adding to the District's costs. This would represent a total annual cost for a 1% salary increase of \$311,996.

Given softening in enrollment, district responsibility to provide for the whole workforce and to employ a workforce to meet college needs, it is not fiscally prudent to award an additional salary increase for 2003-2004.

The District agrees with the portion of the Fact Finding Report, which states, "In light of the current State of California budget and the financial condition of the District, there exist definite constraints on the amount of dollars that can prudently be allocated to a salary increase for 2003-04." With that in mind, the District questions why the Fact Finding Report would put further fiscal constraints on the District at this time.

P. James Balsano, District Panel Member